

Penarth Master Issuer plc —Public Surveillance Report
Combined Series Report For IPD Ending: 21 February 2012

Key Parties

Receivables Trustee	Penarth Receivables Trustee Ltd
Depositors	Penarth Funding 1 Ltd
Transferor, Servicer and Cash Manager	Bank of Scotland plc
Issuer	Penarth Master Issuer plc
Issuing Entity	Penarth Funding 1 Ltd
Issuer Corporate Servicers Provider	Structured Finance Management Ltd
Security Trustee and Note Trustee	Deutsche Bank Trust Company Americas

Notes Outstanding

Note	Amount	Original Rating Moody's/s&P/Fitch	Scheduled Redemption Date	Reference Rate	Margin
2010 A1	£1,000,000,000	Aaa/AAA/AAA	18 May 2013	0.77788%	0.85%
2010 A3	€250,000,000	Aaa/AAA/AAA	18 August 2013	0.82900%	0.78%
2010 B1	£200,000,000	Aa3/A/A+	18 May 2015	0.77788%	1.00%
2010 C1	£228,000,000	Baa1/BBB+	18 May 2017	0.77788%	1.50%
2010 D1	£240,000,000	Not rated	18 May 2017	0.77788%	1.60%
2010-2 A1	£500,000,000	Aaa/AAA/AAA	18 January 2014	0.77788%	0.95%
2010-2 A2	£750,000,000	Aaa/AAA/AAA	18 December 2012	0.28160%	0.75%
2010-2 A3	£300,000,000	Aaa/AAA/AAA	18 December 2014	0.77788%	1.05%
2010-2 B1	£330,000,000	Aa3/A/A+	18 February 2015	0.77788%	1.25%
2010-2 C1	£175,000,000	Baa1/BBB+	18 February 2015	0.77788%	1.50%
2010-2 D1	£185,000,000	Not rated	18 February 2015	0.77788%	1.60%
2011-1 A1	£750,000,000	Aaa/AAA/AAA	18 May 2013	0.28160%	0.65%
2011-1 A2	£125,000,000	Aaa/AAA/AAA	18 May 2015	0.77788%	1.00%
2011-2 A1	£600,000,000	Aaa/AAA/AAA	18 November 2013	0.28160%	0.75%

A. Principal and Interest amounts for period

Class and Loan Note	To SWAP provider		To Investor	
	Principal	Interest	Principal	Interest
Class A: Series 2010-1 A1	£0.00	£0.00	£0.00	£1,298,657.71
Class A: Series 2010-1 A3	£0.00	£366,178.43	£0.00	€ 379,902.78
Class A: Series 2010-2 A1	£0.00	£0.00	£0.00	£781,096.44
Class A: Series 2010-2 A2	£0.00	£829,941.25	£0.00	£730,716.67
Class A: Series 2010-2 A3	£0.00	£0.00	£0.00	£495,781.15
Class A: Series 2011-1 A1	£0.00	£755,571.40	£0.00	£659,883.33
Class A: Series 2011-1 A2	£0.00	£0.00	£0.00	£200,924.79
Class A: Series 2011-2 A1	£0.00	£647,413.19	£0.00	£584,573.33
Class B: Series 2010-1 B1	£0.00	£0.00	£0.00	£331,221.48
Class B: Series 2010-2 B1	£0.00	£0.00	£0.00	£605,030.50
Class C: Series 2010-1 C1	£0.00	£0.00	£0.00	£483,784.27
Class C: Series 2010-2 C1	£0.00	£0.00	£0.00	£360,404.30
Class D: Series 2010-1 D1	£0.00	£0.00	£0.00	£531,602.76
Class D: Series 2010-2 D1	£0.00	£0.00	£0.00	£397,724.86

B. Trust Level Data

BOP Principal Receivables	£6,792,554,440.80
EOP Principal Receivables	£6,626,802,009.12
Acquired Interchange Amount	£10,102,639.41
Delinquent Aggregate Account Principal Balance	
30 - 59 days delinquent	£63,711,032.05
60 - 89 days delinquent	£49,934,058.94
90 - 119 days delinquent	£32,361,321.87
120-149 days delinquent	£30,101,657.73
150 + days delinquent	£24,979,392.98
Non-Delinquent	£6,425,714,545.55
Delinquent Principal Receivables as % of EOP Principal Receivables	
30 - 59 days delinquent	0.96%
60 - 89 days delinquent	0.75%
90 - 119 days delinquent	0.49%
120-149 days delinquent	0.45%
150 + days delinquent	0.38%
Principal Payment Rate	19.28%
Monthly Payment Rate*	19.69%

C. Portfolio Yield and Expense Rates

Investor Interest	£4,770,372,660.00	70.23%
Transferor Interest	£2,022,181,780.80	29.77%
Principal Receivables	<u>£6,792,554,440.80</u>	<u>100.00%</u>
Gross Yield Rate		Total
		19.43%
Less:		
Charge Off Rate (note 1)		6.50%
Portfolio Yield		12.93%
Less:		
Expense Rate		2.81%
Excess Available Funds Percentage		10.13%
- 1 Month Previous		8.85%
- 2 Month Previous		9.33%
- 3 Month Average		9.44%

Note

1. Accelerated Charge off initiative / policy

At the end of October, an initiative was implemented to accelerate the charge off of 'age-out' accounts, where a customer is unable to make the minimum payment and does not qualify for a repayment plan. These accounts were charged off when they reached 4 cycles delinquent, rather than wait until they are 6 cycles delinquent in line with the bank charge off policy. The initiative was intended as a trial in October to December, with an expected one off increase in the charge off rate during these months being offset by a corresponding reduction from January to March when these accounts would have otherwise charged off. This initiative has been implemented as a permanent policy change from 26th January 2012, and the acceleration of 'age out' accounts reaching 4 cycles delinquent will offset the reduction in charge off from the one off trial. As the policy implementation is embedded, the charge off rate is expected to return back to trend from April 2012.

* Includes Principal and Finance Charge Collections in the numerator and Principal and Finance Charge Receivables in the denominator.

^ The Payment Rate numerator excludes non-cash entries.